

MINUTES OF IWCC MEDICAL FEE ADVISORY BOARD
IWCC CHICAGO OFFICE, ORAL ARGUMENT ROOM
HELD ON JUNE 29, 2007

Present at the meeting were:

Dennis Ruth, Chairman
Ms. Maddy Bowling, Employer Representative
Ms. Elena Butkus, Medical Provider Representative
Dr. Jesse Butler, Medical Provider Representative
Mr. Eric Dean, Employee Representative
Mr. Ronald Powell, Employee Representative
Mr. John Smolk, Employer Representative
Ms. Kathryn Tazic, Employer Representative

Participating via conference call were:

Roger Poole, Employee Representative
Dr. Edward Sclamberg, Medical Provider Representative

Other attending IWCC board members were:

Mark Flannery, Workers' Compensation Advisory Board
David Menchetti, Workers' Compensation Advisory Board

IWCC staff present at the meeting were:

Mr. Glen Boyle, Medical Fee Schedule Project Manager
Kathryn Kelley, IWCC General Counsel
Susan Piha, IWCC Research and Education Manager

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Chairman Ruth called the meeting to order at 9:05 a.m.

Copies of the notice and agenda were distributed, past meeting minutes, handouts from Glen Boyle regarding the hospital outpatient fee schedule and Ambulatory Payment Classification (APC) payment rates, a handout from the Chamber of Commerce regarding the prompt payment rules, and a letter from the Jacksonville Industrial Rehab regarding access issues.

Introductions of all board members were made.

The Chairman provided a brief report about recent accomplishments at the Commission. He noted the Insurance Compliance department collected \$1 million in fees over the past fiscal year. 5 additional investigators would be hired within this department in the upcoming months, including 2 in the Downstate areas of Springfield and the Metro East, and 3 in the Chicago offices. Additionally, the Division of Insurance Workers' Compensation Fraud Investigatory Unit recently hired 3 new investigators. The Chairman also pointed out that the new Commission panel has resulted in a 50% increase in decisions at the review level, and he anticipates a continued increase in number of decisions in the next fiscal year.

Upon motion duly made, seconded and unanimously carried, the minutes of the Board meeting held on February 22, 2007 were approved as presented.

Next, Glen Boyle, medical fee schedule project manager, provided an overview of the development of the hospital outpatient physical therapy, pathology and laboratory, and radiology fee schedules, and the hospital outpatient surgical facility fee schedule.

Mr. Boyle first recapped all the existing fee schedules, and then addressed the components on the hospital outpatient side that are currently being paid at the 76 percent of charge rate (POC76). He explained that specific data is necessary from hospitals because hospitals incur higher expenses and should therefore be reimbursed at a different rate. Ingenix has created hospital outpatient physical therapy, pathology and laboratory, and radiology fee schedules, which are similar in nature to the professional services fee schedule except data specific to hospital settings were used to create the schedule. For hospital outpatient surgical procedures Mr. Boyle explained that global reimbursement rates have been created using CPT/HCPCS codes to generate reimbursement levels for over 3,000 procedures, which includes almost every surgical procedure except for unlisted procedures. Mr. Boyle explained that the fee schedule is based on the APC fee schedule discussed at the last meeting, but that because the APC system was too complicated to administer from both the provider and payer perspectives, the APC schedule was cross walked to CPT/HCPCS codes. The carve-outs listed in the hospital inpatient fee schedule, which are reimbursed at 65% of the charged amount, will be handled in the same manner.

It was noted that hospital outpatient physical therapy, pathology and laboratory, and radiology fee schedules would apply to emergency room settings but that surgeries conducted in emergency room settings – approximately 8% of all surgeries – would not be subject to the hospital outpatient surgical facility fee schedule. These charges would be covered under POC76, with the exception of carve-outs. Mr. Boyle indicated that the anesthesia is very complicated and other billings from ER surgical settings don't translate easily. For this reason, he suggested the POC76 level.

Mr. Smolk noted his concern regarding employers' protections from payers with excessive charge inflation when POC76 is required. The Chairman pointed out that with the implementation of these additional schedules the Commission continues to reduce the number of services reimbursed at POC76.

Mr. Boyle next reviewed a sample bill and applied the new fee schedule.

The board took a ten-minute recess.

Mr. Boyle continued to review sample medical bills, addressing carve-outs, multiple procedures, professional fees, lab fees, and outliers, and applying the new proposed rules.

Dr. Butler and Ms. Butkus voiced concerns regarding the multiple procedure discounts rules, which incorporate the rules already in place for the professional services fee schedule.

Mr. Boyle noted that in comparison to fee schedules across the nation that Illinois' fee schedule is very generous and that if those rules were not adopted there would be very little savings.

Next, the Chairman indicated an analysis is being conducted of hospital outpatient fees and ambulatory surgical treatment center (ASTC) to determine the cost ratio between hospitals and ASTCs to determine if a rule can be developed for reimbursing ASTCs since there is not presently enough data to develop a ASTC specific schedule.

The Chairman also indicated that he planned to proceed through the regular rule-making process to ensure that all input is received and ensure further confusion is avoided.

Ms. Butkus asked that rehab hospital data be analyzed, and the Chairman agreed. Mr. Boyle indicated that a RIC based schedule wasn't feasible but that a per diem based schedule was.

The Chairman referenced the handout from the Chamber of Commerce regarding prompt payment. He asked that all parties have comments prepared for the next meeting to discuss in further detail.

Mr. Smolk requested a copy of the IAIABC model bill regarding prompt payment, and the Chairman indicated as a member, he should be able to obtain a copy and distribute to the board.

Next the Chairman referenced a letter from the Jacksonville Industrial Rehab, a facility specializing in physical therapy. The Chairman requested information from the facility regarding Medicare reimbursement rates in comparison to the workers' compensation fee schedule rates. The information indicates they are being reimbursed by the fee schedule at lower rates than Medicare rates. Mr. Boyle indicated that reimbursement at below Medicare rates appeared to be an anomaly. The group discussed whether or not this represents an access issue and if so an appropriate remedy.

Mr. Davis, Director of Jacksonville Industrial Rehabilitation, spoke to the board regarding the impending closure of the facility due to low fee schedule reimbursement rate for physical therapy services the facility provides. The board discussed how access issues would be impacted if the facility were to close, and what the board's role would be in addressing access issues for a specific industry within a specific geozip. The board asked for additional information, including letters from local employers about the closure would impact them, and decided to address the issue at a later meeting.

The next board meeting date of August 23 at the same location and time was noted.

There being no further business, the meeting adjourned at noon.